

January 18, 2002

To: Supervisor Zev Yaroslavsky, Chair
Supervisor Gloria Molina
Supervisor Michael D. Antonovich
Supervisor Yvonne Brathwaite Burke
Supervisor Don Knabe

From: David E. Janssen
Chief Administrative Officer

PRELIMINARY REPORT - AMENDMENT TO THE REDEVELOPMENT PLAN FOR THE ALHAMBRA INDUSTRIAL REDEVELOPMENT PROJECT (FIFTH DISTRICT)

On February 4, 1997, your Board instructed my office to prepare a report on each newly proposed redevelopment project area at the preliminary draft plan phase. In a memorandum dated February 11, 1997, we advised your Board of the types of notification the County receives on new redevelopment projects and the reports which will be provided to your Board. This process has recently been expanded to include Board reports on 1) other types of notifications, and 2) significant amendments to existing projects. Consistent with this process, we are advising your Board that the Alhambra Redevelopment Agency has sent us the Preliminary Report for the proposed Amendment to the Redevelopment Plan for the Industrial Redevelopment Project Area. This Preliminary Report includes the following information:

- Map of Project Area (Attachment I)
- Physical and Economic Conditions of Blight (Attachment II)
- List of Planned Projects (Attachment III)
- Impact on County General Fund (Attachment IV)

The Industrial Redevelopment Project was established in 1969 and was subsequently amended in 1981 to add territory to the Project Area ("Added Area A"). The Original Project Area consists of approximately 369 acres which includes single-family and multi-family dwellings, commercial and industrial properties, government buildings, and vacant parcels. Added Area A consists of approximately 211 acres and is primarily a commercial strip along Main Street which includes car dealerships, restaurants,

entertainment facilities, and retail shops. The Amendment Proposes to: 1) extend the time limit for incurring debt in the entire Project Area by 10 years, from 2004 to 2014, 2) extend the time limit for eminent domain by 12 years in the entire Project Area, and 3) Increase tax increment limit for the Added Area portion of the Project Area. According to the Agency, the Amendment is necessary to address the elimination of remaining blight in the Project Area.

Based on several site visits to the area and a meeting with City of Alhambra staff regarding the project, CAO staff has initial concerns that Added Area A may not meet remaining blighting conditions required per Community Redevelopment Law. Details of the Amendment were only recently received by this office consistent with the release of the Agency's Preliminary Report. The Agency recently informed us the Public Hearing to discuss the Amendment is scheduled for January 28, 2002. In response, I sent Julio J. Fuentes, City Manager for the City of Alhambra, a letter on January 9, 2002 requesting the Agency continue discussion of their proposed Amendment until late February in order to allow us time to adequately conduct a full blight review and analysis of the Agency's Preliminary Report, advise your Board, and work with the City to resolve any County concerns. On January 15, 2002, Alhambra staff informed this office they would honor our request and recommend to their legislative body that consideration of the Amendment be continued to late February.

If you have any questions, please call me, or your staff may call Jerry Ramirez of my office at (213) 974-4282.

DEJ: LS
MKZ:JR:nl

Attachments

c: County Counsel
Auditor-Controller

PROJECT AREA DESCRIPTION
PHYSICAL AND ECONOMIC CONDITIONS OF BLIGHT
(From Agency's Preliminary Report)

The Agency's Preliminary Report does not provide quantitative information of remaining physical and economic blighting conditions; rather, the Agency provides anecdotal examples of remaining blighting conditions. The following are examples taken from the Preliminary Report:

- "Chapel & Main - Many of the retail spaces in the commercial building at the northwest corner of Chapel and Main have remained vacant for more than two years because of inadequate parking. Additionally, the building and basement of this building is not up to current market standards."
- "3rd & Main – Phase 1 environmental study revealed that environmental remediation is necessary to prepare this property for occupancy. The Agency may have to assist with the cost to remediate this property to facilitate development."
- "Many of the buildings along Main Street have outdated customer parking arrangements behind the buildings and out of view from the Street. This can cause concern for customers who do not feel safe parking in an out-of-sight area."
- "According to real estate professionals surveyed, vacancy issues in the Project Area are the result of inadequate on-site parking, excessive lot coverage that does not support operational circulation on-site, and in some cases (auto repair/services) contamination issues that are too costly for property owners to remediate."

**LIST OF ESTIMATED PROGRAM COSTS TO ALLEVIATE REMAINING
BLIGHT IN ADDED AREA A**

Item or Program	Amount
Main Street Parking Structures	\$13,000,000
Main Street Commercial & Retail Rehabilitation	\$29,230,000
Main Street Public Plaza/Public Space Development	\$1,500,000
Main Street Library	\$3,125,000
Commercial Business Assistance	\$2,500,000
Façade Improvement Program	\$1,500,000
Business Expansion & Retention	\$5,500,000

Total **\$ 56,355,000**

IMPACT ON COUNTY GENERAL FUND

Estimated Project Revenues of Amendment to Added Area A From 2001 to 2031

- **Assumed Annual Real Property Growth Rate:** 5%
- **1980-1981 Base Year Assessed Valuations:** \$54,800,636
- **Gross Estimated Increment:** \$133,422,757
- **County General Fund Revenue With Amendment:** \$10,027,012
- **County General Fund Revenue W/O Amendment:** \$47,783,098
- **Net Difference to County General Fund:** (\$37,756,086)
- **Net County Loss Present Value:** (\$12,854,084)